

The Baby

Identification and Influence

Following World War II, the United States experienced an unusual spike in birth rates. This phenomenon commonly became known as the Baby Boom. The Baby Boom generation (“Boomers”) generally includes persons born between 1946 and 1964. Boomers presently make up about 20 percent of the United States population, and their influence dominates not only the economic, but also the social and political landscape of the nation. In acknowledgment of their size and influence, Baby Boomers are the feature of this edition of Trendlines.

A large part of the Baby Boom was an after-effect of World War II. Bombed-out cities and fractured economies worldwide increased the need for goods and services in unprecedented amounts. The United States largely found itself standing alone in both the ability and the desire to rebuild these nations. Consequently, the United States switched from making wartime provisions to cranking out goods and materials for export and to respond to rising domestic consumer demand. This led to an unprecedented bubble of vigorous United States economic growth that did not diminish until the late 1960s. Furthermore, the post-war G.I. Bill enabled a record number of people to attend college and obtain advanced degrees, increasing the nation’s knowledge, innovation, and creativity. This led to higher incomes for families, allowing them the resources to provide for more children.

Right from their beginning the Boomers swayed the United States economy. Their size was so influential that they changed the face of advertising, marketing, and consumerism—and this before they even earned their first dollar. As Boomers grew and entered the labor force, the United States economy was forced to swell like never before to accommodate this new wave of workers. And it wasn’t just the size of this labor pool the economy had to accommodate, but also increased female participation. Female Boomers became much more active paid labor force participants than had any previous female generation.



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One of the largest and possibly most telling influences the Boomers have had on the economy is what they didn’t do—that is, reproduce themselves at the same rate as previous generations. Boomers just didn’t have as many kids as their parents. Boomers “stretched” the United States economy, forcing it to accommodate their vast numbers, but they

Boom

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haven't produced enough children to sufficiently allow the economy to remain stretched once they are gone. That void hasn't been very pronounced yet, as Boomers are still actively in the labor force. But we are seeing the initial stages of tight labor availability across the nation. It is also being manifested with a growing (and controversial) level of in-migration trying to fill this void, and predicted shortfalls to hit the Social Security system.

Many Boomers were big on advancing individual freedoms and choices. One

area where that philosophy found an economic outlet was in women's choices and how they approached their status in the paid labor force. In large numbers, women chose to become more active in working for wages outside the home, like their male counterparts. That, in turn, was one of the causes of a noticeable delay in family formations and declining birth rates.

Boomers aren't finished influencing the economy. Another chapter is yet to be written on how retiring Boomers will alter and shape the nation's economy.

Having aged into their 40s, 50s, and 60s, Boomers dominate the nation's wealth. They are in their peak earning years, and their life-cycle has matured to where their spending patterns will once again change. Consumerism will undergo another transition. Ahead lie developing retirement industries and expanding social needs challenged by possible labor market shocks as Boomers leave the labor force en masse. It is yet to be seen how that economically plays out, but one thing is for sure: even to the end, the Boomers will be influencing the United States economy. ⓘ

